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THIS ISSUE
SUPERMARKET BUSINESS: DELI
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SUPERMARKET FOODS BUSINESS

SUPERMARKET BUSINESS

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PART ONE
OF TWO PARTS

VOLUME 42/NUMBER 4
APRIL 1987

So You Want to Open a Supermarket...

First, Find $3 Million, Then...

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SUPERMARKET BUSINESS

VOLUME 42
NUMBER 4

APRIL 1987

PART ONE
OF TWO PARTS

SO YOU WANT TO OPEN A SUPERMARKET ... FIRST FIND $3 MILLION, THEN.../BOB HUGHES & KEVIN COUPE **22**

As stores have changed, from the conventional to the upscale, so have store economics. In an effort to understand the growing complexity of putting a store together, SUPERMARKET BUSINESS, acting as an entrepreneur, approached retailers, designers, accountants, banks and other industry sources to figure out what it takes nowadays to open a store.

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Corporate management has a tendency to lose touch with workers at the store level, as today's stores grow larger and more complex. But there are ways of ensuring that a new breed of management makes sure corporate goals are realized.

TAX REFORM AND THE SUPERMARKET OPERATOR **41**
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Supermarket operators overall stand to benefit from the new, lower tax rates, both as individuals and corporations. But they also need to be aware of some deductions and write-offs that no longer exist.

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FIFTH ANNUAL DELI OPERATIONS REVIEW/DAVID LITWAK **5A**

A survey of deli operations shows that delis are offering a broader product mix, faster service and more attractive product presentations.

FRESH HARVEST REAPS SUCCESS OUT OF FAILURE **16A**
PETER LEVITEN

Competing against such strong stores as Simon David, Minyard's and Food Emporium, Dallas's newest upscale store hopes its strong mix of high-quality perishables, and its gracious instore restaurant will win some big Dallas dollars.

FOOD EMPORIUM MOVES ON UPSCALE IN DALLAS **24A**
PETER LEVITEN

With its newest Dallas Food Emporium, Safeway has made a big commitment to prepared foods.

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Some products that are designed to perform two functions often do neither well. Here is an article taken from a new sister publication, "Housewares Retailing."

IN DALLAS, FOOD EMPORIUM RIDES HIGH WITH UPSCALE COOKWARE/PETER LEVITEN **54**

Safeway's newest Food Emporium in North Dallas sells elegant utensils and upscale cookware to attract affluent customers.

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CHECKOUT: TWO IN THE AISLES **90**

In the new film, "Tin Men," the funny side of life among aluminum siding men in the early 1960s also includes some romance that blossoms in a supermarket aisle.

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TRADESCAN

H.E. Butt Tests 'Remote Tender' Checkout in Peak Hours

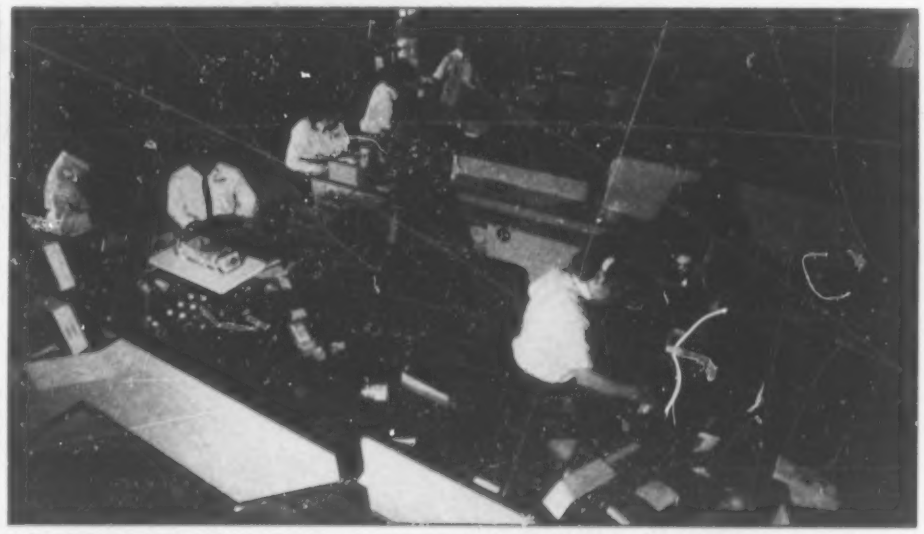
System speeds customers through the checkstand 60 percent faster, store claims.

SAN ANTONIO, Tex.—Imagine how much faster you could blow products and customers out the door if your checkstand conveyers carried groceries in a steady stream instead of stopping every minute or so while customers pay for their orders.

No such system has appeared on a wide scale. But a "remote tender" checkout system, installed at an H.E. Butt Grocery Co. test store here last month, is offering something that approaches continuous scanning during the peak hours of the day.

The remote tender systems, which look like double-belt checkstands with an extra register installed at the end, function like conventional lanes during off-peak hours. A cashier unloads and scans the goods, tenders payment, and another employee bags the order.

As peak hours approach, a third employee joins the "remote tender" lanes. The cashiers move back to the alternate registers, near the baggers, and bagger/scanners take their place up front. (H.E. Butt keeps a seperate crew to carry out orders to the parking lot.)



H.E. Butt says its dual-belt "remote tender" checklanes, installed last month at this San Antonio test store, boosts customer throughput by 60 percent. The company says it can process peak hour customers more effectively with 11 lanes than with the previous 17.

Nonstop scanning

With peak-hour shoppers crowding the store, the checklanes crank into high gear. The first wave of orders are scanned, placed on takeaway belt A, totalled, and stored electronically.

Without pausing, the second wave of customers are processed, their orders placed on belt B. The third wave is processed, their groceries put on now-empty belt A. And on to the next wave of customers.

Payment transactions, meanwhile, aren't crimping the overall flow. As the second orders are being scanned, the first customers are paying for their goods (as the goods are being bagged). Moments later, the cashiers are ready to accept payment from the second wave of customers.

"As the order is being scanned at the front end, the back end cash register knows what's being rung up, and that order can be recalled," said Tom Farello, director of field services for H.E. Butt, who is credited with the concept. "Our preliminary test shows that the second customers, and all customers thereafter, will get through the checkstand 60 percent faster."

Fewer lanes, more space

While a 60 percent boost in throughput would be an obvious advantage to any store laboring with a clogged front end and a lot of disgruntled peak-hour customers, the remote tender system's primary advantage may be the additional floorspace it opens up.

Before the San Antonio store switched over to a remote tender system, it needed 17 lanes to process peak hour customers. Now, Farello said, the store can process them faster with only 11 lanes—eight remote tender units and three express lanes.

"The checkstands are more efficient and flexible, so you don't need as many of them," Farello said. "We were able to free up 360 square feet of space. That could be critical for stores that are tight, or stores that need that extra merchandising space to be made available."

He added that the front end wouldn't be more labor intensive, because of the reduction in lanes, and that customers would encounter three employees instead of two, enhancing a service image and safeguarding against theft. The lower skilled/entry level ratio could also trim some labor costs.

Industry potential

While the reduction in lanes opens up lateral front-end space, the 12.5-foot remote tendering checkstands at H.E. Butt are about four feet longer than the units they replaced, according to John Miner, national sales manager for checkstands at Borroughs Manufacturing (Kalamazoo, Mich.).

"For larger stores it would be easy, but it might be a little difficult to retrofit something that long into a smaller store, if there wasn't much space between the aisles and the checkstands," said Miner, who helped develop a prototype, to Farello's specifications, tested in the San Antonio store during December and January.

Overall space savings, Miner said, were still considerable, despite the length. He added that the purchase-memory software, written by Datachecker Systems Inc. (Santa Clara, Calif.), provides a vast improvement over early "remote tender" experiments.

H.E. Butt's Farello said that while the total per-lane cost of the remote tendering equipment would be substantially higher than conventional systems, the reduction in checklanes could make the overall investment comparable. (Borroughs's Miner estimated the cost of the checkstand hardware, without the registers and software, to be $5,700 to $5,800 per lane.)

Farello said H.E. Butt will be scrutinizing the system in San Antonio during its three-month test to get a better idea on the optimum reduction in checklanes. He added that the 146-store chain's plans to expand the concept will hinge on test results.

While Farello voiced cautious optimism, Miner said there was little doubt that remote tendering was an economically feasible concept. "They're already designing a system for the next store. So it's working."

Rolling in the Aisles at Xtra

With 78,000 square feet of Xtra floor space to cover, Pueblo International's (Great Neck, N.Y.) customer service people are able to assist more customers faster when they do it on wheels. The service skaters, trained by Mary Burghardt, a national roller skating dance champion, will soon appear daily at all five of Pueblo's Xtra stores in South Florida.

Passion for Produce Provides Music to Merchandiser's Ears

NEW YORK—While some contest devotees feel that persistance is the key to success, a more casual approach paid off for February's SUPERMARKET BUSINESS contest winner. Although Mike Carpenter, a produce merchandiser who has been with Marsh Supermarkets in Yorkville, Ind., for 20 years, has been reading the magazine for "about 10 years" he has been entering the contest for only a year "off and on, whenever I get the time to sit down and read the magazine from cover to cover."

It seems appropriate, considering February's cover story on produce, that the winner specializes in that area. And while he enjoys the entire magazine, Carpenter's favorite features include "Produce, anything that has to do with produce."

And now he can enjoy those articles with the musical accompaniment of a compact all-in-one stereo system, featuring an AM/FM receiver, cassette deck, turntable and speakers.

Time may just be on the side of those other diligent entrants. April's contest prizes, his and hers watches, valued at $250 each, will put time on the wrists of two lucky readers.

April's contest appears on page 89, following the list of February's correct entries beginning on page 84.

Correction

In the article, "The Nation's Top Grocery Companies" (SUPERMARKET BUSINESS, March 1987, p. 93), the net income figures for Roundy's Inc. (Milwaukee, Wis.) were listed incorrectly on the chart. The correct figures are: 1985—$2,402,000 and 1986—$3,982,000, representing an increase in income of 66 percent. In the chart on page 96, Meijer Inc. (Grand Rapids, Mich.) was misspelled.

FIFTH ANNUAL OPERATIONS REPORT

SERVICE DELI REVIEW

BY DAVID LITWAK, DIRECTOR OF RESEARCH

6A	Deli Census: Number of Service Delis...Percent of Supermarkets with Delis...Annual Sales...Average Weekly Sales
7A	Sales, Margins & Product Mix: Average Weekly Sales...Share of Total Store Sales...Change in Dollar Sales...Contribution to Store Profits...Gross Margins...Items/Lines Most Frequently Added or Increased...Portioning Out the Service Deli Sales Dollar
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14A	Production & Supply: Commissaries...Sources of Deli Salads...Merchandising & Customers: How Customers Spend...Advertising and Promotion...Delis' Share of Ad Space Compared to Share of Sales

With more and more people in America looking for convenient, fresh foods to eat out or reheat at home, the service deli has grown increasingly important as the supermarket's first line of defense, and in many cases offense, in the war for that convenience food dollar.

The supermarket has armed itself well by providing the service deli with an impressive array of products, new services, quicker service and more appealing presentations of food products. Is the deli's attempt to draw customers away from fast-food establishments, gourmet specialty shops and restaurants working? The numbers gathered from deli operators for *InStore Business*'s Fifth Annual Operations Review of service delis suggests that something very positive is happening at the deli counter.

Growth continues

The advantage of having an instore deli is well documented. In 1986 the number of deli units rose by 3.5 percent to 18,000, while the total number of stores rose less than 1 percent. Thus delis are not only a mainstay of new store floor plans, but are also being included in remodels. Delis currently occupy space in 58.6 percent of all supermarkets operating in this country, which places them in every area of the country and within reach of virtually every shopper. With such a strong representation, it is little wonder that deli sales have continued to increase.

For the fifth straight year, service delis have shown double-digit sales growth. In 1986, service delis took in $6.62 billion, an increase of 13.5 percent over 1985. This continued growth pace is not matched by any other store department. Unlike the instore bakery, whose growth rate tapered off last year, the deli has been able to ride the cultural wave of convenience, and capitalize on offering fresh, prepared foods.

Continued growth reflects the deli's ability to be flexible in its search for products and services that fit consumer needs. For instance, traditional deli fare has always been cold cuts, sliced cheeses and salads, the stuff picnics and quick lunches are made of. These continue to be the core of the service deli product mix, but some new additions and some new adaptations of core products are being offered.

New products, in many ways, cater to the prepared food market. Delis now offer a wide selection of both refrigerated and hot prepared entrees. These range from earthy favorites such as meatloaf and fried chicken to more exotic cuisine such as duck and veal piccata. Experimentation with the product mix is still very much in vogue among deli operators as they search for products that will appeal to the specific tastes of consumers in their market, as well as offer them convenience, while offering the retailer reasonable preparation schedules.

Quick service

Convenience in the deli not only means that the customer doesn't have to go home and cook, but also that the busy patron can get the foods from the service deli in a quick manner. Stores are accomplishing this in a number of ways.

Some 47 percent of the operators *InStore Business* surveyed indicated that they expected their operations to move more toward self-service in the future, at least for some products. Many operators already offer a variety of packaged entrees, salads, desserts and sandwiches, as well as self-service salad bars and steam table operations.

At the deli department, though, while there is a definite move toward self-service, the number of employees in the department has also increased, up to 6.5 full-time equivalent employees. This is because of the extra prep time needed to produce these new products, while still providing a high enough level of service behind the counter to maintain that personal touch as well as the image of freshness for

the core products—the meats, cheeses and salads.

Increasingly, operators are placing the deli either first or second in the store's traffic flow. Now, first in the store's traffic pattern has been the deli's traditional position, but many stores had historically placed it either last or against a back wall, so that customers would have to move through the store to get to it. But by placing the deli in an easy-to-get-to part of the store, retailers allow quick in-and-out access for those patrons who only want to stop at the deli for quick food on their way home. Not forcing shoppers to go through the store thus makes the prepared deli food fast food.

Take-out—eat-in

Many units, about 34 percent, have put in sit-down eating areas convenient to the deli or bakery for shoppers who want to eat what they bought at the store. These eating areas, in addition to the stores that have snack bars, cafeterias or restaurants, have made many supermarkets into away-from-home eating establishments. More supermarkets are offering freshly made sandwiches for the lunch crowd, and in many suburban and rural areas this has helped the supermarkets compete successfully with the specialty delicatessen and luncheonette for take-out business.

Some 87 percent of the operators responding to the *InStore Business* survey say that they consider their delis to be profit centers, as well as image and traffic builders. This causes no great wonder, since the deli department contributes an average of 9.3 percent of the store's profits, based on only 3.8 percent of store sales (delis have an average gross margin of 44.9 percent).

Retailers still feel the need to get more people to shop at the deli. An average of only 18.8 percent of store customers make purchases from the deli. This is down from 20.2 percent the previous year. Operators say that the delis' share of the ad budget is at least equal to their share of store sales, and they use a variety of promotional media to get their message across.

Still, however, the nagging problem persists: fewer people are spending more money at the deli counter. Although the instore deli is healthy, and continues to add a greater amount to store profits, how do supermarket operators get more people to begin spending that money at the deli so it can add even more to the overall profits?

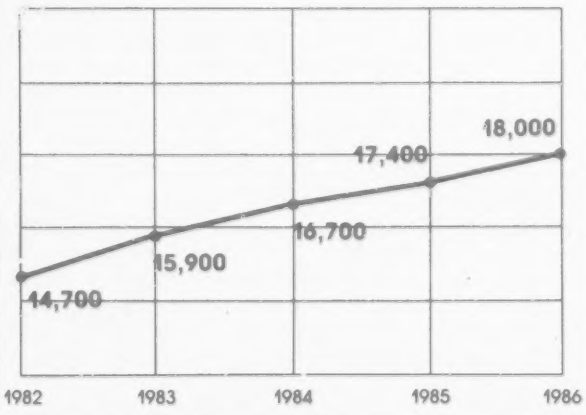
(Note: The statistics presented in this section come from a mail survey of those responsible for directing delis at both the supermarket and warehouse level.)

DELI/CENSUS

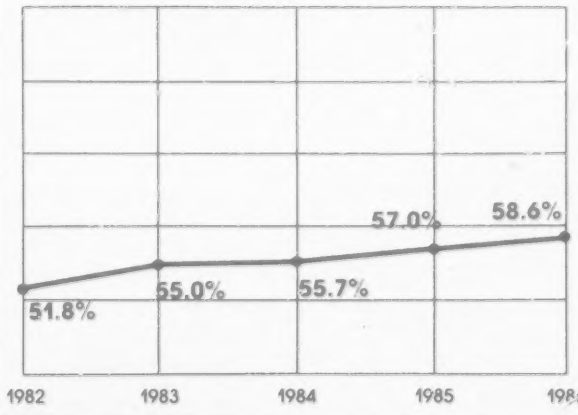
As consumers continue to seek fresh, high-quality prepared foods that afford them the convenience they have become accustomed to, service delis are growing to meet these demands. This is evidenced by a whopping 13.5 percent sales growth in 1986 to $6.62 billion.

Service delis have increased their role in providing time-conscious consumers with freshly prepared foods and custom-sliced meats and cheese. The 13.5 percent growth in service deli sales reflects a concerted effort by the grocery industry to capture more of the prepared foods market. With service delis in 58.6 percent of all supermarkets, each having average weekly sales of $7,069, supermarkets are becoming serious competitors of fast-food companies and specialty prepared foods shops.

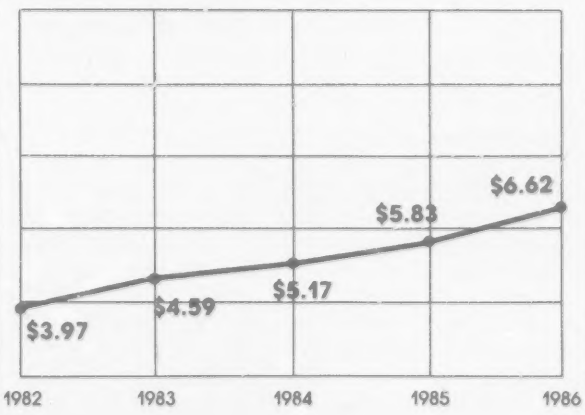
Service Deli Units



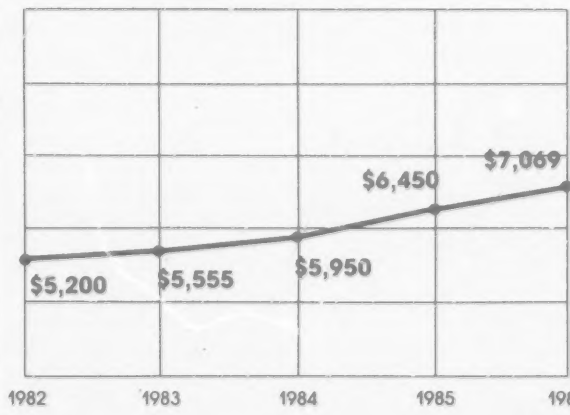
Percent of Supermarkets

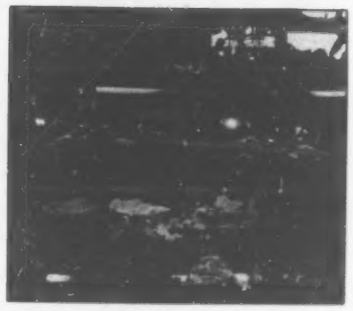


Annual Sales (billions)



Average Weekly Sales Per Service Deli





DELI/SALES, MARGINS & PRODUCT MIX

While the service deli's portion of total store sales declined slightly last year, dollar sales increased in 90 percent of the units. Average gross margins of 44.9 percent led the service deli to contribute over 9 percent of store profits.

Service delis are profit generators, accounting for 9.3 percent of store profits from an average of only 3.8 percent of total store sales. Delis are still in a growth mode, both in number (there are now 18,000) and in sales per unit. Gross margin rose to 44.9 percent. While traditional deli fare (cold cuts, cheese and salads) still dominates deli sales, operators are increasingly adding such items as hot and cold entrees, soups and pizza to satisfy consumer demands.

Average Weekly Sales

Mean **$7,069** Median **$6,500**

$4,000 or less	7%
$4,001–$6,000	24
$6,001–$8,000	40
$8,001–$10,000	23
Over $10,000	6
Total	100%

Change in Dollar Sales
(1986 vs. 1985)

Higher	90%
No change	5
Lower	5
Total	100%

Share of Total Store Sales

Mean **3.8%** Median **3.7%**

Percent of Total Sales	
Less than 3.0%	13%
3.0–3.9	45
4.0–4.9	25
5.0 or more	17
Total	100%

Contribution to Store Profits

Mean **9.3%** Median **8.7%**

Percent of Store Profits	
Less than 5.0%	10%
5.0–7.9	26
8.0–9.9	31
10.0–11.9	25
12.0 or more	8
Total	100%

Do You Consider Your Delis

Image/Traffic Builders	6%
Profit Centers	6
Both	88
Total	100%

Gross Margin

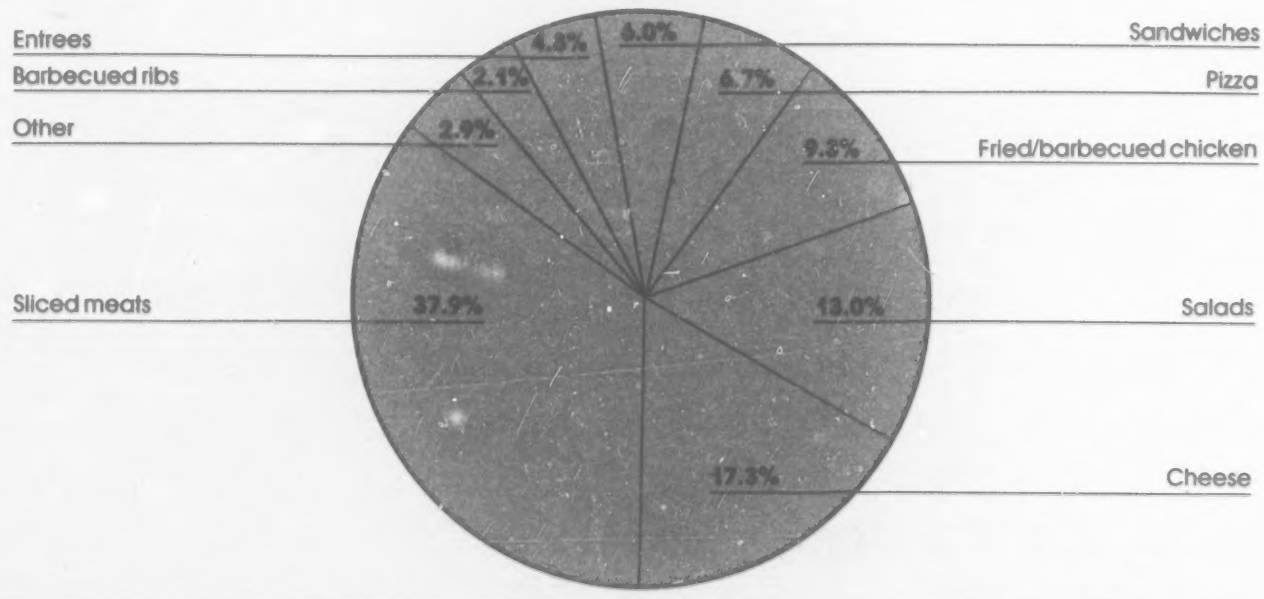
Mean	44.9%
Median	41.5%
Less than 35%	9%
35–39	27
40–44	38
45–49	14
50 or more	12
Total	100%

Service Deli Items/ Lines Most Frequently Added or Increased

—Pizza
—Refrigerated entrees
—Hot entrees
—Soup

Portioning Out the Service Deli Sales Dollar

Share of Sales



DELI/SPACE, LOCATION & EQUIPMENT

Combining stylish European cases, self-service fixtures and labor-saving prep equipment has helped deli operators make the most of limited space while increasing their range of products, all the while presenting product appealingly.

While the size of the average deli has increased slightly to just over 1,000 square feet, the average sales per square foot has risen to $6.73. These sales vary considerably, with a third of the units reporting per foot sales of under $5, while 15 percent report sales per square foot of over $20. The basic determinant in these differences is price points of the products in a unit's product mix.

Size of Department

Square Feet of Space	
Mean	1,050 Square Feet
Median	950 Square Feet

Square Feet	
500 or less	18%
501–750	16
751–1000	23
1001–1500	19
1501–2000	18
Over 2000	6
Total	100%

Share of Total Store Space

Mean	3.4%
Median	2.9%

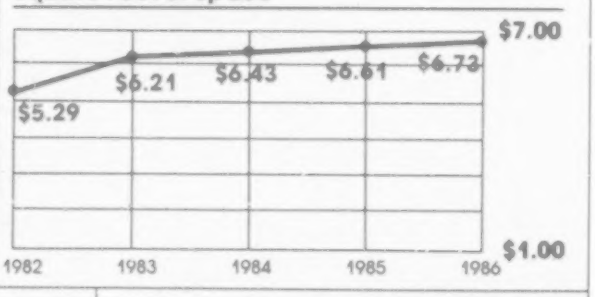
Percent Share	
1.0–2.5	42%
2.6–5.0	38
Over 5.0	20
Total	100%

The traditional preferred location for a service deli—first in the traffic pattern—remained constant in 57 percent of stores. The number of units last in the traffic pattern has declined to only 14 percent of stores. In 29 percent of stores, the deli is in some other position, usually second in the traffic flow. The old rationale of putting the deli last when it couldn't be first has given way to placing it as close to the front as possible so it can be convenient to shoppers coming in to purchase prepared foods quickly. Increasingly, delis and bakeries are being separated into two distinct departments, with only about a third of the stores operating combined deli-bakery operations.

Average Weekly Sales Per Square Foot of Space

Mean	$6.73
Under $5.00	36%
$5.01–$10.00	28
$10.01–$20.00	21
Over $20.00	15
Total	100%

Average Weekly Sales Per Square Foot of Space



The Delibake Concept

Stores Combining Delis and Bakeries into a Joint Delibake Department

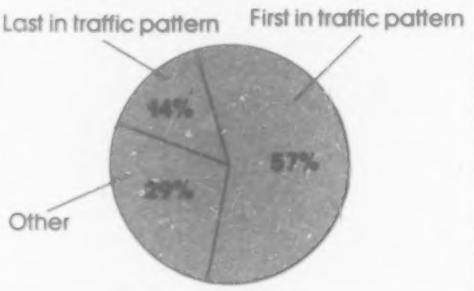
Joint Delibake	34%
Separate departments	66
Total	100%

Popularity of Display Casing Styles

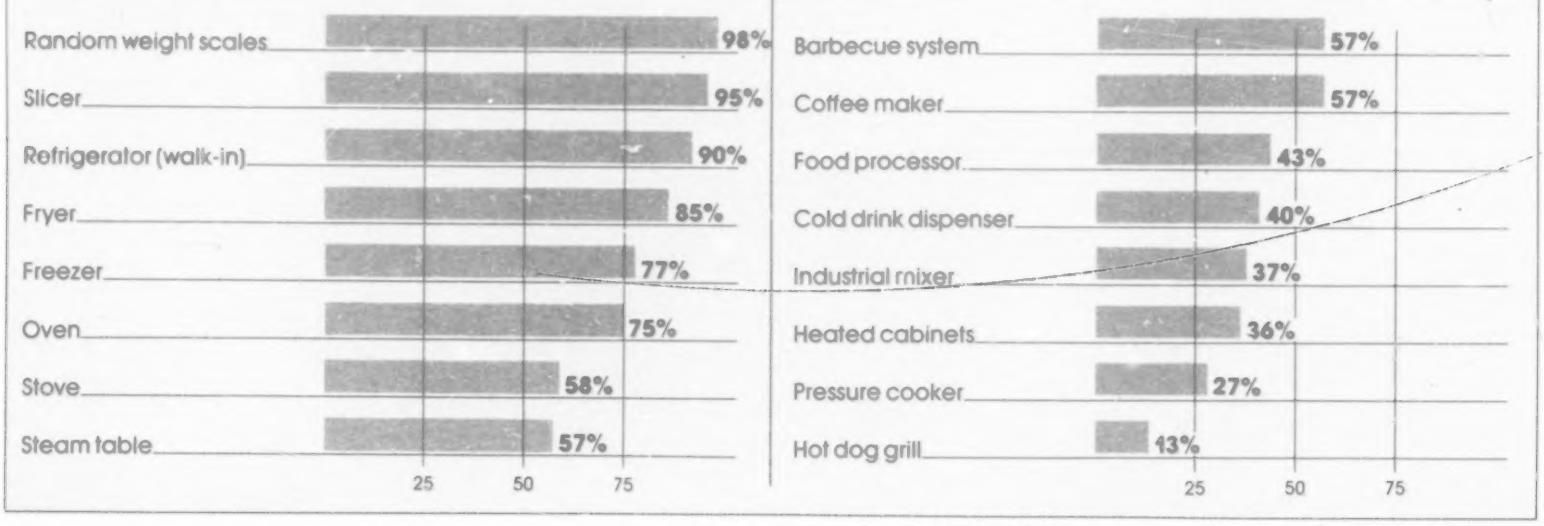
Percent Likely to Use in Upcoming Installations

New European-style casing	70%
Traditional casing	25
Both	5
Total	100%

Preferred Location for Service Deli



The Well-Equipped Service Deli Percent Stores That Have



DELI/LABOR & SERVICE

Despite the increased availability of prepackaged, self-service deli products, more employees are serving customers in the stores. The average deli has just about one more employee today than it did a year ago. This has resulted in a drop of 5.6 percent in weekly sales per employee, to $1,087.

The addition of another employee at most units has slightly increased the percent of sales allocated to labor to 21 percent. Many (47 percent) operators expect to be offering more self-service in the future, and now report that their delis are carrying more self-service prepackaged items. The rise in labor comes from two sources: the custom-sliced meats and cheese that account for more than half the deli sales, and the preparation of deli products for both the case and self-service packaging that has increased prep labor hours to 38 percent. The addition of prepared foods, both hot and cold, and labor servicing of self-service cases has increased recruiting and training of deli employees far beyond the once sufficient imparting of basic skills in slicing, weighing and wrapping.

Number of Employees

Full Time	2.8
Part Time	7.4
Full-time Equivalent*	6.5

Full-Time Equivalent Employees

Less than 3	0%
3–4	24
5–6	33
7–9	38
10 or more	5
Total	100%

*2 part-time = 1 full-time employee

How Much for Labor

(Labor as a Percent of Service Deli Sales)

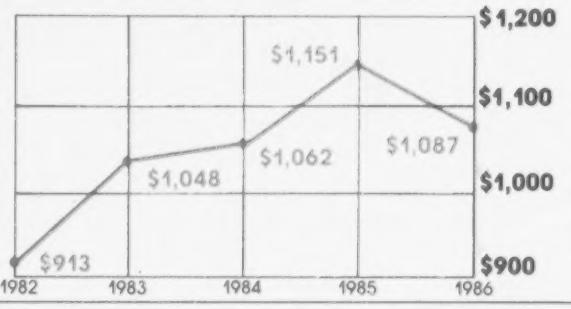
Mean	21.0%
Median	19.0%
10–15%	20%
16–20	25
21–25	40
26–30	10
Over 30	5
Total	100%

Average Weekly Sales Per Employee*

Mean	$1,087
$750 or less	14%
$751–$1,000	25
$1,001–$1,500	34
$1,501–$2,000	18
Over $2,000	9
Total	100%

*Full-time equivalent employees

Average Weekly Sales Per Employee



Special Area for Consuming Foods/Drink From Deli On Premises

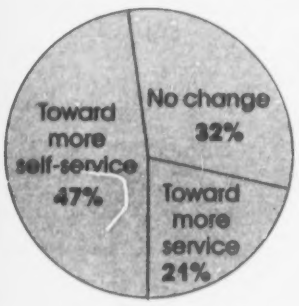
Percent of Stores Offering	
Have facilities	34%
No facilities	66
Total	100%

Time for Prep and Service

Breakdown of Labor Hours	
Customer service	62%
Other (incl. prep)	38
Total	100%

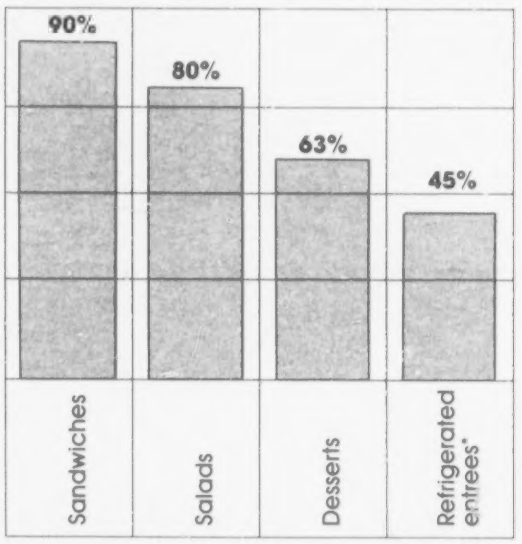
Trends in Service

Direction Deli Directors Expect Their Operations to Move



Offerings of Prepackaged Products in Self-Service Cases

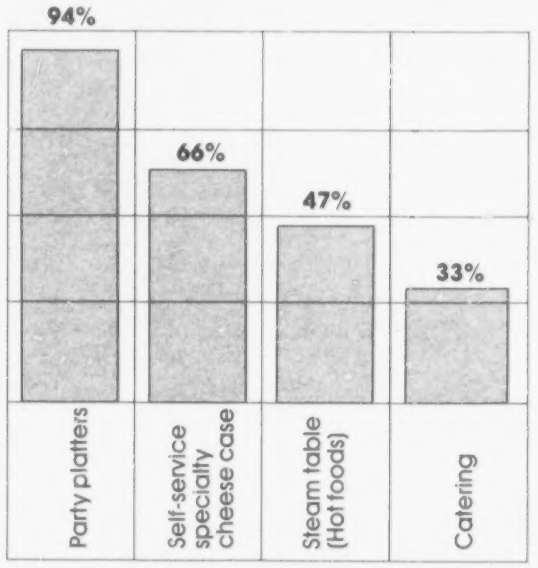
Percent of Stores Offering



*To be heated/microwaved at home

Special Services

Percent of Stores Offering



DELI/PRODUCTION & SUPPLY

Service deli operators are increasingly combining methods of supply and preparation. Many will choose from an outside supplier's deli program's products, foods prepared from scratch at their company's own commissary, and still feel free to offer products created on site. The main determinant is the saleability of the particular product.

Deli operators report using a combination of products from food service manufacturers, distributors and those prepared from scratch either at company-owned commissaries or instore. The quality, freshness and eye appeal of the products are often important factors for operators in determining which source they will use. Retailers report that this selection process is critical not only to the success of an individual item, but to the department, since many customers come in for a particular type of item, and since many chains are actively experimenting with new prepared offerings.

Commissaries

Percent of Companies Having Company-Operated Commissary From Which Stores Order

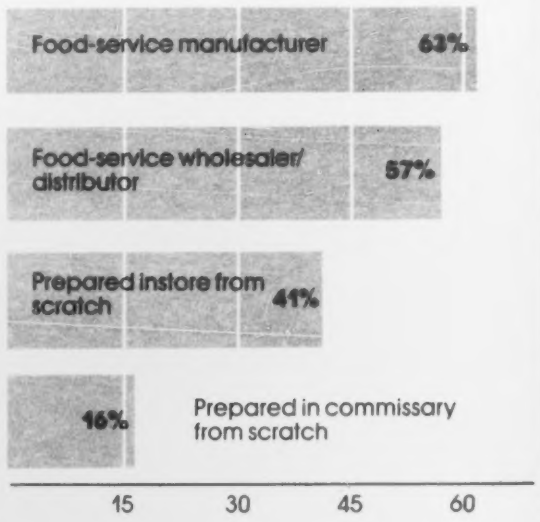
Have commissary	26%
Do not have commissary	74
Total	100%

Main Function of Commissary

Preparation from scratch ingredients	60%
Ordering from food-service suppliers	40
Total	100%

Sources of Service Deli Salads

Percent of Stores Using



DELI/MERCHANDISING & CUSTOMERS

For the first time in five years, fewer than one of every five customers were attracted to the deli, where they spent an average of $3.32 per transaction. With ad space for delis running at equal to or greater proportions than share of deli sales, and potential profits from deli sales being important to the store's bottom line, operators continue to seek ways to make store customers deli customers.

Even with delis placed in the front of the store, fancied up with European cases and filled with luscious prepared foods, still the problem persists—you can lead a customer to the deli but you can't make him buy. Despite a larger portion of the food dollar being spent on prepared meals, only 18.8 percent of store customers buy at the deli counter. Operators are increasingly putting their advertising money into sampling, newspapers and point-of purchase materials. Additionally, they are looking to circulars, radio and television to attract new customers into the store specifically to shop the deli.

How Customers Spend

Percent Who Shop the Deli

Mean **18.8%** Median **17.0%**

How Much They Spend

Mean **$3.32** Median **$2.75**

Under $2.00	16%
$2.00–$2.99	34
$3.00–$3.99	39
$4.00 or more	11
Total	100%

Advertising and Promotion Sell Service Deli

	Percent Using
Sampling	98%
Newspapers	95
Point-of-purchase	86
Circulars	70
Radio	36
Television	22

Delis' Share of Ad Space Compared to Share of Sales

Greater	32%
Less	26
Equal	42
Total	100%

SAMI UPDATE

HBA Sales in Food Stores Are Off To Auspicious Start for 1987

Strong sales of over-the-counter medicines, particularly cough and cold remedies, pushed the total gain for health and beauty aids to 2.5 percent.

BY ALAN B. MILLER JR.

Declines in unit sales of the 50 health and beauty aids (HBA) categories tracked by SAMI outnumbered increases by 30 to 20 in January. Yet, strong sales of proprietary remedies and skin care aids managed to turn the total results for all categories combined to a 2.5 percent gain.

That gain rate would have been 2.6 percent if the natural vitamin, mineral and supplement category, which has not yet been tracked for two full years, had been included. This category, with sales buoyed by a proliferation of calcium and fish oil supplements, recorded a four-week gain of 25.2 percent for the period ending Jan. 30, 1987.

Refrigerated foods gain more

Unit sales for all 480 product categories combined gained 0.7 percent.The only increase higher than that registered by HBA was 4.4 percent for refrigerated foods. Shelf-stable food products declined 0.1 percent and dry grocery:nonfoods were able to manage a gain rate of only 0.4 percent. Frozen foods, having recovered from a downward trend during much of 1986, are now running 1.5 percent ahead of a year ago.

At the product group level, four gains were topped by 6.4 percent for proprietary remedies and 10.1 percent for skin care aids. Four declines included losses of more than 5 percent for shaving needs and baby needs.

Among categories, the most important gains were the double-digit increases for lip care products (41.5 percent), synthetic vitamins (15.9 percent), mouthwashes (14.3 percent), cold remedies (12.6 percent) and first aid antiseptics (12.1 percent).

The highest HBA category loss rate was 49.3 percent for suntan lotions and oils, but a midwinter decline in this highly seasonal category may mean only that "snow birds" still had some sun products left over from last year. A 20.5 percent decline for proprietary tranquilizers holds little importance in view of the small volume in this category.

Baby powders improve

The only strong trend among baby needs is the continuing improvement in sales of baby powders. Although these products have an annual loss rate of 4.9 percent, the January reporting period showed a plus of 6.5 percent.

This gain is in contrast with greater loss rates for baby oils, creams and lotions (− 6.5 percent for the four weeks and − 5.0 percent for the year), infant clothes (− 22.6 percent and − 13.8 percent, respectively) and nursing supplies (− 4.3 percent and − 1.0 percent). All four categories in this product group show losses on a yearly basis.

Six categories in the deodorant product group registered losses, but the loss rate for the group was held to − 1.0 percent because of gains of 5.0 percent for stick deodorants and pads and 5.5 percent for feminine douches. The ever increasing gains enjoyed by stick deodorants/antiperspirants is coming mostly at the expense of cream deodorants, which fell 14.2 percent for the 12-week period and 12.3 percent for the full year.

Roll-ons suffered a four-week decline of 8.6 percent, with an annual loss rate of 2.6 percent. The feminine douche category gained 5.5 percent in January, which helped reduce its annual loss rate to 2.2 percent. In comparison with the preceding four-week period, the trends for deodorants and talcum powders, feminine hygiene deodorants and foot deodorants and athlete's foot remedies worsened during January.

The 12.1 percent increase for first aid antiseptics translated to enough units to offset the 1.5 percent decline for first aid products (bandages, gauze, cotton balls and so forth), so the two-category product group registered a 1.2 percent gain.

Hair sprays surge

Of the seven categories in the hair care needs product group, only one—hair sprays—had a gain during January. As a result of the continuing upsurge in hair spray volume, the loss rate for the product group was only 0.3 percent.

In the preceding reporting period, however, three hair care needs categories besides hair sprays had gain rates: hair conditioning rinses, hair setting needs and hair coloring. The decline for hair setting needs suggests that the hair styling mousse revolution has peaked.

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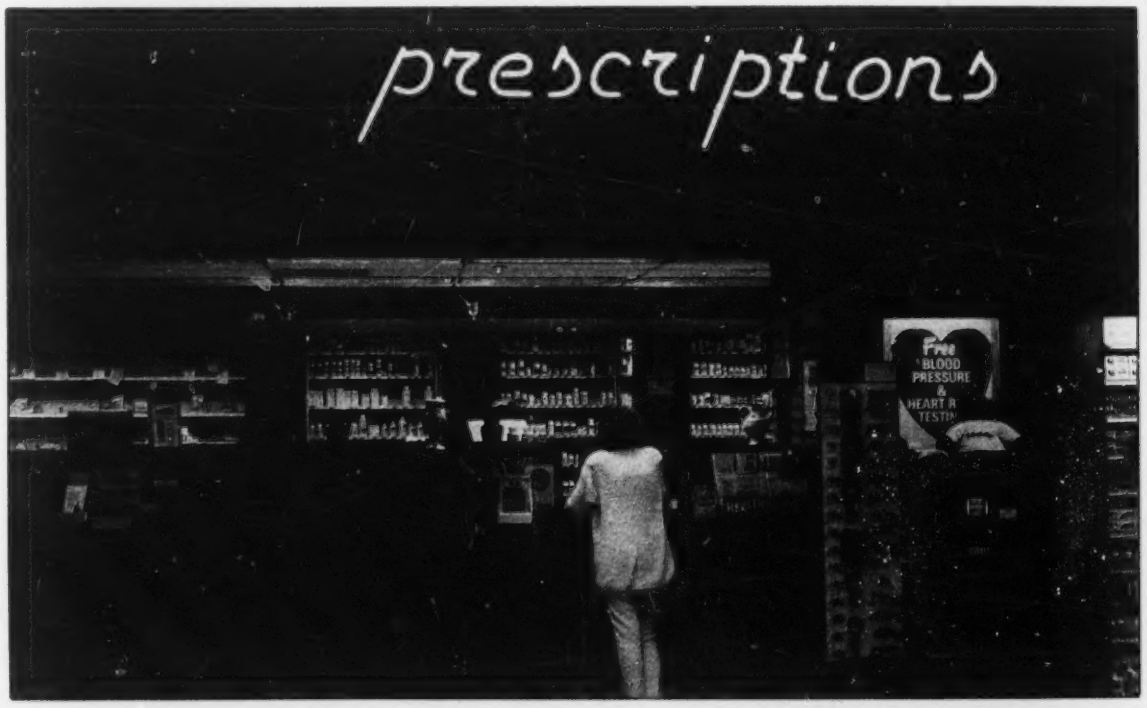

SAMI UPDATE

HEALTH & BEAUTY AIDS: SAMI FOUR-WEEK FOOD STORE UNIT TRENDS VS. YEAR AGO

PRODUCT GROUP AND CATEGORY	% CHANGE VS. YEAR AGO 4 WEEKS ENDING 12/5/86	4 WEEKS ENDING 1/2/87	4 WEEKS ENDING 1/30/87
BABY NEEDS	**– 1.0%**	**– 4.1%**	**– 5.2%**
Baby Powders	+ 1.2	+ 0.8	+ 6.5
Baby Oils, Creams & Lotions	– 1.7	– 6.3	– 6.5
Infant Clothes	– 8.2	– 14.9	– 22.6
Nursing Supplies	+ 0.5	– 0.9	– 4.3
DEODORANTS	**– 0.6%**	**+ 0.3%**	**– 1.0%**
Sprays	– 6.7	– 7.9	– 4.3
Roll-Ons	– 4.1	– 3.0	– 8.6
Stick Deodorants & Pads	+ 5.8	+ 8.5	+ 5.0
Creams	– 10.0	– 12.3	– 14.2
Deodorants & Talcum Powders	+ 0.9	– 0.6	– 2.4
Feminine Hygiene Deodorants	– 3.4	– 4.7	– 7.6
Foot Deodorants & Athlete's Foot Remedies	+ 6.1	+ 5.6	– 1.4
Feminine Douches	– 1.9	– 0.9	+ 5.5
FIRST AID	**+ 0.7%**	**+ 0.5%**	**+ 1.2%**
Antiseptics	+ 10.4	+ 9.1	+ 12.1
First Aid Products	– 1.7	– 1.7	– 1.5
HAIR CARE NEEDS	**+ 0.3%**	**+ 2.0%**	**– 0.3%**
Shampoos	– 4.9	– 3.6	– 3.9
Hair Sprays	+ 11.9	+ 14.5	+ 11.4
Hair Conditioning Rinses	– 0.3	+ 3.0	– 0.0
Hair Setting Needs	+ 8.8	+ 8.9	– 2.0
Home Permanent Kits	– 5.8	– 13.2	– 12.8
Hair Coloring	+ 0.2	+ 3.0	– 3.6
Hair Dressing Needs	– 5.5	– 5.8	– 7.7
ORAL HYGIENE	**– 0.2%**	**+ 2.9%**	**+ 1.6%**
Toothpastes & Powders	– 3.0	+ 0.9	– 2.1
Mouthwashes	+ 6.7	+ 6.5	+ 14.3
Breath Fresheners	+ 5.5	+ 5.4	– 0.0
Denture Cleaners	– 3.1	– 3.7	– 2.6
Denture Adhesives	– 1.6	– 2.7	– 0.7
Toothbrushes	+ 5.6	+ 11.8	+ 5.6
PROPRIETARY REMEDIES	**+ 4.4%**	**+ 3.7%**	**+ 6.4%**
Antacids	+ 1.9	+ 1.9	+ 2.4
Internal Analgesics	+ 3.2	+ 6.7	+ 5.5
External Analgesics	+ 1.9	– 7.6	+ 0.7
Cold Remedies	+ 9.7	+ 6.5	+ 12.6
Nasal Sprays—Drops—Inhalers	+ 3.0	+ 1.8	+ 2.1
Chest Rubs	– 0.8	– 3.5	+ 0.6
Cough Remedies	+ 5.4	+ 0.6	+ 7.3
Laxatives	– 1.0	– 0.3	+ 3.5
Sleeping Aids	– 2.0	– 2.9	– 2.1
Tranquilizers	– 20.8	– 18.5	– 20.5
Synthetic Vitamins	+ 10.3	+ 20.5	+ 15.9
Eye Care Products	+ 11.9	+ 12.3	+ 12.3
Appetite Suppressants	– 7.2	– 18.7	– 11.5
SHAVING NEEDS	**– 4.2%**	**– 0.9%**	**– 5.5%**
Shaving Creams	+ 1.0	+ 0.7	– 7.4
Pre-Shave Lotions	– 11.5	– 10.9	– 8.8
After-Shave Lotions	– 6.7	– 4.2	– 8.8
Razor Blades	– 5.6	– 0.6	– 4.3
Razors & Blades	– 14.5	– 7.5	– 5.3
SKIN CARE AIDS	**+ 19.1%**	**+ 3.6%**	**+ 10.1%**
Hand & Body Creams & Lotions	+ 5.9	– 3.4	+ 3.6
Facial Preparations	– 0.4	– 5.7	– 9.4
Lip Care Products	+ 77.9	+ 18.0	+ 41.5
Suntan Lotions & Oils	+ 74.7	– 2.3	– 49.3
Cosmetic & Medicated Skin Aids	+ 5.2	+ 5.9	+ 5.9
TOTAL ALL CATEGORIES	**+ 2.2%**	**+ 2.3%**	**+ 2.5%**

The 3.9 percent loss in the high-volume shampoo category translates to nearly 1 million units in a four-week period, while the loss for hair conditioning rinses amounted to only 1,000 units.

Home permanent kits now have a loss rate of 10.5 percent for the past 12 weeks and 7.6 percent on a full-year basis. Hair dressing needs are continuing to show losses. This category includes hair grooms for men as well as ethnic items.

Two categories of oral hygiene products posted gains for both the four-week and 52-week periods. Mouthwash volume rose 14.3 percent for January, with much of the increase coming from two major new products—Sucrets and Plax. Toothbrush sales increased 5.6 percent, with the new Aim toothbrush partly responsible for the gain.

Toothpaste and powder volume fell 2.1 percent overall, as the product mix within this category continues to change. Crest and Colgate tartar control products are increasing their shares, but largely at the expense of bread-and-butter items. Despite the growing numbers of senior citizens, both denture cleaners and denture adhesives continue to show losses.

Boom in cold remedies

A survey of trends in the proprietary remedies product group might seem to indicate that consumers were in exceptionally poor health in January. Only three of the 14 categories showed declines: tranquilizers (– 20.5 percent), appetite suppressants (– 11.5 percent) and sleeping aids (– 2.1 percent).

All of the cold and cough remedy categories showed growth in January, highlighted by an increase of 1.8 million units in cold remedies. Even chest rubs, which have been consistently falling behind, managed to grow 0.6 percent.

In the internal analgesics category, which is related to cold remedies, the strong performance of Advil and the introduction of such new ibuprofen tablets as Medipren, Haltran and Trendar contributed to the 5.5 percent gain. Cough remedies also enjoyed sales strength with a gain rate of 7.3 percent.

Synthetic vitamins, as well as natural entries, were in strong demand, although the January increase of 15.9 percent was lower than the 20.5 percent jump in December. The 12.3 percent gain for eye care products in January was identical to that in December.

All of the shaving needs categories fell behind previous year levels. Even the one category that showed an annual rate of increase—shaving creams—had a sales decline of 7.4 percent. The dearth of important new shaving products can be cited as a reason for loss rates as high as 8.8 percent for both pre-shave and after-shave lotions and colognes.

Lip care balm

To a large extent, the 10.1 percent increase in the skin care aids product group can be credited to the performance of lip care products, where the 41.5 percent gain resulted in an increase of more than one and a half million units in January.

The gain among hand and body creams and lotions was sufficient to erase the unit loss for facial preparations. The 5.9 percent gain for cosmetic and medicated skin aids in January was exactly the same as that registered in December.

In 1986, total food store sales of health and beauty aids gained only 0.4 percent in the initial reporting period. The 2.5 percent increase in 1987 suggests that these products are off to an auspicious start. ■